

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

NIO # 1795-75

1 August 1975

Mr. Leo Cherne  
President's Foreign Intelligence  
Advisory Board  
The White House  
Washington, D. C.

Dear Mr. Cherne:

It has been some time since we received your European trip report. I know that in the meantime you have discussed some of your findings with Mr. Colby, including an exchange concerning some of OER's product. You will also by now have received comments from Treasury Secretary Simon and Assistant Secretary of Defense (Intelligence) Hall. Your report has been widely read throughout the Community. It is useful because it is provocative and wide-reaching.

(Para II.A.4., p.5) The field is quite accurate in observing that defense policy and foreign political policy are organized (in Washington) in a more unitary form than is foreign economic policy. There have been a number of attempts to re-structure foreign economic policymaking and there will be further attempts. On the whole these changes tend to sum up to progress. In the meantime foreign economic policymaking remains an area in which there is intense bureaucratic competition for franchises and influence. The competitive character of this process tends to work to the advantage of the intelligence analyst but to the disadvantage of the intelligence collector. There are multiple demands for intelligence product by would-be policymaking entities that do not possess their own information system or analytical shops. The intelligence collector attempting to expand his effort in this field faces a severe jurisdictional dispute with existing mission collectors, however.

(Para II.B.2, p.7) In discussing the question of whether the economic information Washington needs is being collected, it is important to remember that the concept "Washington" means different things to different people. To a Foreign Service Officer "Washington" is likely to mean the upper reaches of the State Department. To a Treasury rep "Washington" generally means OASIA.

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In general, reporting is deemed adequate by the collector if his/her parent organization does not complain. A complaint by an outside entity may or may not register. If the outside entity is a policymaking competitor of the collecting organization, the response may well be that the complaining entity has no demonstrated need to know. The concept "need" is also pretty spongy. What a policymaker needs should not be confused with what he has formally listed in the way of collection requirements. "Washington" often doesn't know whether it needs something until it sees it. That isn't meant to be a put down to "Washington" but rather a commentary on the difficulty both of anticipating future requirements and of specifying needs in operational terms. Collection is (in part) a creative act, not just a passive transmittal of host-country hand-outs or filling of pre-specified "requirements." Filling "requirements" is not the same thing as doing a good job. And not receiving complaints is not very good evidence that a good job is being done.

We have taken three actions which we hope will go some way toward improving our communications with US Missions in this area of economic intelligence collection. 25X1

- (a) OER has posted an experienced analyst to [redacted] [redacted]
- (b) Arrangements have been made for regular contacts between OER analysts and State officers as the latter prepare for new field assignments
- (c) The managers of the Economic Alert Lists (EALs) have gone to considerable effort to keep them pared down and relevant 25X1

[redacted] 25X1

[redacted] For a number of reasons, consumers are not willing or able to provide useful assessments any more than they are to provide a detailed notion of their needs. This is particularly true of the final or non-Intelligence Community consumer. Intermediate Community producers devote considerable effort in guiding and assessing collectors. In my

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judgment, continuing internal Intelligence Community assessments--informed by continual contact with the policymaker and his professional staff--will produce the best guidance to collectors. The formal interagency forum, such as the Economic Intelligence Subcommittee (EIS) of the NSCIC, has limited utility.

In principle, it is impossible to take issue with Recommendation A. In practice, it will prove most difficult to achieve very much in the way of State-Treasury agreement as to the participatory role of the CIA in "economic" collection. The policymaking process in the foreign economic field is competitive, and control over reporting is an important means of securing advantage. The CIA should take care to avoid duplication of State-Treasury collection and to avoid assumption of major risk for minor gain, but it would be remiss if it were to act only on the basis of preagreed State-Treasury requests. 25X1

The objective of Recommendation D is important, but I do not believe the Economic Intelligence Subcommittee of NSCIC is the appropriate vehicle for working toward this objective. Bilateral arrangements are much more likely to be effective.

The subject referred to in Recommendation E has been an active concern. Some progress has been made, although there is much yet to be done.

The subject of Recommendation F may be the most important matter discussed in your report. More is needed than a NSCIC study, however. I see no way of avoiding either unacceptable (domestic) political risk or excessively restrictive collection criteria if we do not obtain either new legislation or some form of concurrence from the Congress.

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Acting National Intelligence Officer  
for Economics

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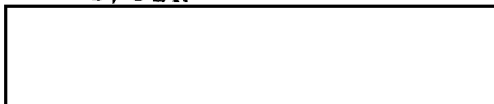
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